



American Council of Life Insurance

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FILE

May 26, 1992

Ms. Olga Madruga Forti  
Federal Communications Commission  
2025 M Street, N.W., Suite 6008  
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Dear Ms. Forti:

I am pleased to submit comments to the Telephone Consumer Protection Act from the American Council of Life Insurance and the National Association of Life Underwriters. I hope they provide some guidance to the Commission as it develops its proposed rules and regulations.

Thank you for providing this opportunity for our industry to comment on your proposals. If there is anything further that I can do for you, please don't hesitate to contact me.

With kind regards,

Sincerely,

  
Edward C. Miller

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Washington, DC 20554

JUN - 2 1992

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of   }  
  }  
  
The Telephone Consumer   }  
Protection Act of 1991   }

COMMENTS OF THE AMERICAN COUNSEL OF LIFE INSURANCE AND  
THE NATIONAL ASSOCIATION OF LIFE UNDERWRITERS

The ACLI is a national trade association representing 584 insurance companies that write approximately 94 percent of the life insurance in force in the United States today. NALU is a national trade association that through its over 1000 state and

local member associations represents almost 140,000 life and health insurance agents, general agents and managers engaged in marketing life insurance products throughout the United States.

The NPRM requests comments on the need for regulation by the Commission of unsolicited "live" telephone solicitations or "cold calls" made to residential telephone subscribers. This type of sales method is one which has been utilized by the life insurance industry since the invention of the telephone. It is one which has served the consumer and the life industry well, and one which should not be unduly burdened by federal regulation.

The insurance industry is regulated by all fifty states which impose regulations on all aspects of the business including sales. While the telemarketing area is not specifically regulated in most states, general insurance requirements dealing with products and agents apply to telemarketing. The states regulate the manner and form of advertising, the sales presentation and the solicitation process. Telemarketers are required to be licensed in a number of individual states.

Upon a request from ACLI, virtually all of the responding companies commented that they received few if any consumer complaints regarding their telemarketing operations. Most

telemarketing occurs on a local or regional level, with very few interstate insurance telemarketing operations in use.

An example of the number of complaints received by responding ACLI members follows:

- o 26 out of 3.4 million individual calls in 1991
- o .53 complaints per 100,000 calls in 1991
- o 125 complaints out of 22.1 million calls in 1991
- o .00004% complaints in 1991

It is in the best interests of insurers to avoid contact with those who do not wish to receive telephone solicitations, and the numbers evidence that in fact few consumers are burdened by these calls.

Insurance companies and agencies train their employees who utilize telemarketing as part of their sales strategy to end the conversation immediately and politely if the customer says he or she is not interested. The consumer's name is then added to a "no-call" list, or removed from the list used by the insurer.

At an average cost of \$3 per telephone solicitation, it makes good business sense that an insurer would not want to contact those individuals who will only be annoyed by the effort. All of the respondents indicated that they routinely employ the Direct Marketing Association's Telephone Preference

Service to suppress any telephone numbers on their lists whose owners have indicated they do not wish to receive telephone solicitations. In addition, they stated that they forward to the Association the names and numbers of any consumers who complain to their sales force.

Many insurers further limit potentially intrusive calls by running "phone behind" programs that follow up direct mail campaigns. These calls are positioned as service calls that will answer any questions that the direct mail pieces may have generated.

The low complaint levels for live solicitations were recognized by Congress repeatedly in the legislative history of the TCPA. Such solicitations form an integral part of financial services today, and they should not be burdened by federal regulation. The market-place along with state regulation has been successfully dealing with the marginal number of complaints which are received each year. Further regulation by the federal government would only unduly burden industry with no proven benefit to the consumer.--Any costs to business could conceivably be passed on to the ultimate consumer. There is no evidence which tips the scale in favor of increased regulation.

ACLI strongly urges the Commission to find that federal regulation of live unsolicited sales calls is not required at the present time.

If the Commission determines that it will propose regulation of such calls, ACLI would recommend that individual company "do-not-call" lists be proposed. These lists are commonplace in the market today, and would present the least burdensome and most workable solution to any problems the Commission might perceive. The same arguments presented above in opposition to any need for further regulation can be applied to the company do-not-call proposition.

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A national or regional do-not-call database would be expensive and difficult to keep up to date. In addition, such a list would deny the consumer the choice of which calls he preferred to receive. Such a blanket database would serve neither the consumer nor the telemarketer. A review of the Florida telemarketing regulation exposes many of the difficulties present in such a regional database. Any attempt to create an interstate database could only be much more problematic.

In conclusion, ACLI urges the Commission to find that regulation of live telephone solicitations to residential subscribers is not needed to protect the privacy rights of those consumers. In the alternative, we recommend that individual company do-not-call lists be proposed as the most effective and least burdensome method of protecting those rights.